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Top News - Oil

China's imports of Russian oil near record high in March

Russia remained China's top oil supplier in March, data showed on Saturday, as refiners snapped up stranded Sokol shipments.

China's imports from Russia, including supplies via pipelines and sea-borne shipments, jumped 12.5% on the year to 10.81 million metric tons, or 2.55 million barrels per day (bpd) last month, according to data from the General Administration of Customs.

That was quite close to the previous monthly record of 2.56 million bpd in June 2023.

Seven Russian tankers under sanctions offloaded Sokol cargoes in Chinese ports in March, as Russia worked to clear a glut of stranded supply in the wake of tightened U.S. sanctions.

More than 10 million barrels of the oil supplied by Sakhalin-1, a unit of Rosneft, had been floating in storage over the past three months amid payment difficulties and sanctions on shipping firms and vessels carrying the crude.

Stockpiling of Russian crude for storage in strategic reserves by state-owned CNOOC also boosted imports from Russia.

Data from consultancy Kpler forecast sea-borne shipments from Russia hitting a record high of 1.82 million bpd, including 440,000 bpd of Sokol and 967,000 bpd of ESPO.

Russia was China's top supplier throughout 2023, shipping 2.14 million bpd despite Western sanctions and a price cap following the Kremlin's 2022 invasion of Ukraine.

In coordination with other OPEC+ members, Russia opted to roll forward a voluntary reduction in crude oil output of 300,000 bpd into the first quarter of the year to support energy prices.

Imports from Saudi Arabia, previously China's largest supplier, totalled 6.3 million tons in March, or 1.48 million bpd, down 29.3% on the same period last year.

Riyadh has said it would extend its voluntary cut of 1 million bpd through the end of June, leaving its output at around 9 million bpd.

The world's top exporter kept the March official selling price of its flagship Arab Light to Asia at \$1.50 over the Oman/Dubai average as the Kingdom sought to secure market share.

January-March imports from Malaysia, a trans-shipment point for sanctioned cargoes from Iran and Venezuela, soared 39.2% on the year to 13.7 million tons, or 3.23 million bpd.

The data showed 375,296 tons of imports from Venezuela, following a rare shipment of 352,455 tons of Venezuelan crude in February amid a temporary relaxation of U.S. sanctions on Caracas.

Sanctions were re-imposed from Thursday after the U.S. said President Nicolas Maduro had failed to meet his election commitments. Customs recorded no imports from Iran.

China's March fuel oil exports fall 32% y/y

China's exports of marine fuel oil fell 32% in March from a year earlier to 1.32 million metric tons, data from the General Administration of Customs showed on Saturday. The exports are measured mostly by sales from bonded storage for vessels plying international routes.

The March volume was 12% higher than the 1.17 million tons shipped out in February.

Stronger volumes emerged as bunker prices at key Chinese ports like Zhoushan and Shanghai were lower than prices at regional hub Singapore in March, which drew some demand, industry sources said.

Export volumes for bunkering in the first quarter totalled 4.16 million tons, 11.9% lower than the same period in 2023.

Import volumes for March were at 1.98 million tons, down 19% from the same month last year.

The import volumes included purchases under ordinary trade, which are subject to import duty and consumption tax, as well as imports into bonded storage.

First quarter fuel oil imports totalled 5.57 million tons, climbing 3.3% compared to the first quarter in 2023.

The year-on-year quarterly rise came despite demand for refining feedstock easing amid suppressed refining margins.

Top News - Agriculture

China's soybean imports from US halve in March as Brazil's gain pace

China's soybean imports from the United States fell by half in March from a year earlier and corn exports also plummeted, as buyers favour more competitive supplies from Brazil's hefty harvest, data showed on Saturday.

U.S. suppliers face stiff competition for global export sales from South America, which have reported plentiful harvests and offer more competitive prices.

China imported 2.18 million metric tons of soybeans from the U.S in March, according to the General Administration of Customs.



Its imports from Brazil rose 81% to 3.02 million tons, more than half of the total imports during the month. Total arrivals in March tumbled to a four-year low of 5.54 million tons, according to customs data, as high prices and poor hog margins discouraged crushing for feed consumption.

China's agriculture ministry said on Friday its rising preference for Brazilian supplies depended on market prices.

"China's soybean buyers include both Chinese-funded companies and many foreign-funded companies. Where companies purchase from is completely independent," Chen Bangxun, the ministry's director of development planning told a press conference.

"China is the world's largest soybean importer and maintains good trade relations with all soybean exporting countries," he said.

For the January-March period, China's soybean shipments from the U.S. fell 50% from a year earlier to 7.14 million tons.

Total shipments from Brazil were 9.99 million tons, up 155% from a year ago.

That brings Brazil's total market share during the first quarter to 54%, compared to U.S' at 38%, according to Reuters' calculations.

Brazil is the world's biggest soybean exporter, followed by the United States, and its share in China, which buys more than 60% of soybeans shipped worldwide, has been expanding over the past year.

CORN

Corn imports from the South American nation jumped by 72% to 1.18 million tons last month, nearly all of the total arrivals of 1.71 million tons in March. Shipments from U.S plummeted 78% to 109,685 tons.

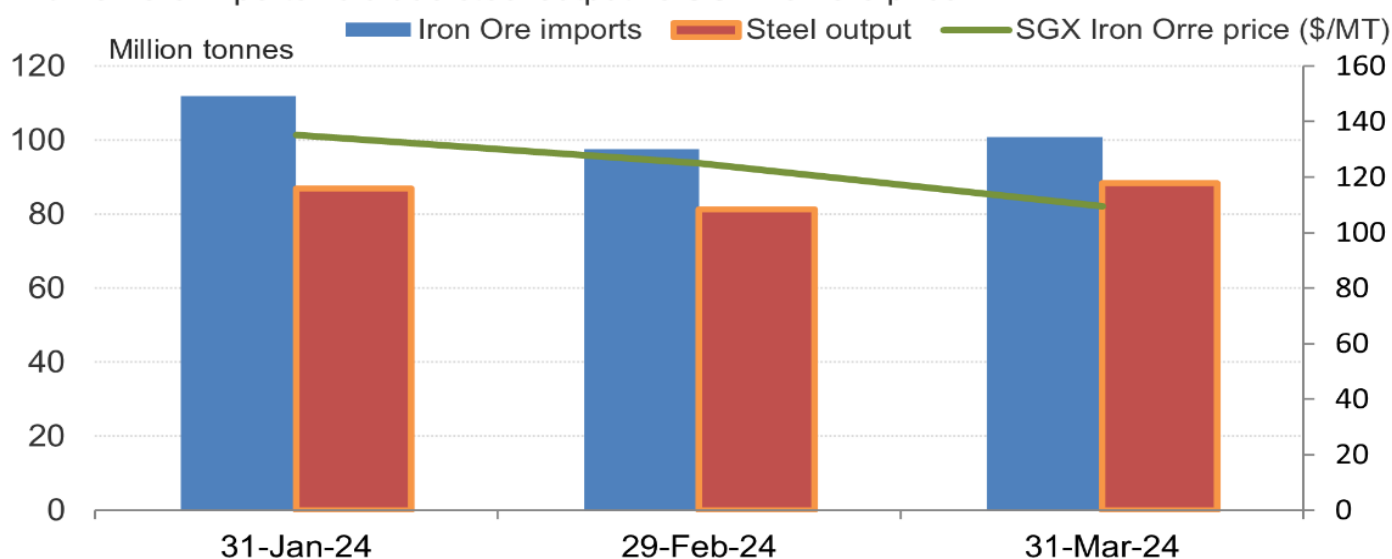
Putin orders Russian government to outline proposals for BRICS grain exchange

Russian President Vladimir Putin has ordered his government to present proposals to facilitate grain trading with other countries including India and China, according to documents published by the Kremlin on Saturday. The idea for the grain exchange also including Brazil and South Africa among others - which together with Russia make up the group of countries known as the BRICS - is to allow buyers to purchase directly from producers, and was already backed by Putin ahead of summit of the group in October. The Kremlin has asked for the proposals to be presented by July 1 by Russian Prime Minister Mikhail Mishustin and Central Bank Governor Elvira Nabiullina. Putin has also ordered the government to set out additional support measures for farmers, including funding as well as ensuring supplies of gasoline and diesel. Russia had to introduce a temporary diesel and gasoline export ban last autumn as the domestic market faced fuel shortages and rising prices amid the harvest. The restrictions were subsequently mostly lifted, though Russia again banned gasoline exports, with some exceptions, for six months starting from March 1 to prevent possible fuel shortages.

Chart of the Day

CHINA'S IRON ORE AND STEEL

China iron ore imports vs crude steel output vs SGX iron ore price



Source: LSEG Reuters graphic/Clyde Russell 22/04/24



Top News - Metals

China's March germanium, gallium exports yet to recover year-ago level

China's exports of gallium and germanium products in March declined from year-ago levels, customs data showed on Saturday, underlining the impact of export controls in place since last August.

China announced in early July 2023 it would impose restrictions on exports of eight gallium and six germanium products from Aug. 1, amid escalating tensions between Beijing and Washington over access to materials used in making high-tech microchips.

The world's largest germanium producer shipped abroad 3.21 metric tons of wrought and unwrought germanium products in March, down 31.8% from 4.7 tons in March 2023, the data showed. The volume was 16% higher than 2.76 tons shipped out in February.

The March volume brings the total in the first quarter of 2024 to 6.92 tons, 62.8% lower than 18.6 tons over the same period in 2023.

Meanwhile, China exported 1.21 tons of wrought and unwrought gallium products last month, down 81.3% from 6.48 tons in the same month in 2023. The March volume was 1.2% higher than 1.2 tons exported in February. It shipped out a total of 3.97 tons of wrought and unwrought gallium products in the January-March period, down 74.1% from the same period a year before.

Lower exports in the first quarter, however, have not soured domestic prices as improved demand, tight raw materials supply, and growing speculative buying lent support, said analysts. China's spot price of germanium ingot stood at 9,650 yuan per kg on April 19, a rise of 2.7% so far this year and 2.1% higher from last July. The spot price of gallium metal came in at 2,195 yuan per kg on the same day, an increase of 14.6% so far this year and a rise of 31% since last July.

China's coal imports from Russia fall 21% in March

Russia's coal shipments to China fell 21% in March dragged down by sanctions and import tariffs, customs data showed on Saturday.

China's coal shipments from Russia fell to 6.92 million metric tons in March, its General Administration of Customs said.

The shipments of Russian coal to China, which began to surge in 2022 as Western nations cut off trade with Moscow over the war in Ukraine, have been hit by recent U.S. sanctions on top exporters SUEK and MICHEL and China's reinstated import tariffs of 3-6% this year, forcing exporters to cut prices.

China's overall coal imports in March were flat with last year due to oversupply and low domestic prices, with many buyers only taking imported coal they had already purchased under long-term contracts, market sources said.

Indonesia, which sells much of its coal to China under annual supply contracts, remained overwhelmingly the biggest supplier to China during the month. Shipments fell 9.9% to 19.8 million tons.

Imports from Mongolia, mostly of coking coal used for steelmaking, rose 11.9% from a year earlier, supported by improved overland transportation logistics.

Mongolian exporters are also benefiting from lower production by China's coking coal producing hub of Shanxi, which is increasing safety oversight following a rise in deadly accidents and plans to cut output by around 4% this year.

China's coal imports from Australia rose 130% in the month, boosted by Australia's tariff-free status and by a low base effect.

Chinese imports of Australian coal were still recovering in March 2023 following the end of an unofficial ban.

Top News - Carbon & Power

Spanish government signals openness to TAQA's bid for Naturgy

Spain on Friday signalled it was open to a potential takeover bid of energy firm Naturgy by Abu Dhabi's TAQA, saying that while the government will defend its strategic interests that did not imply it would block the deal.

TAQA confirmed on Wednesday it is in discussions with the three largest shareholders of Naturgy about a possible bid for the largest natural gas firm in Spain. Given Naturgy's strategic role in the country's energy system, the government by law must have a say on such a deal.

"I have spoken of the need to be vigilant and guarantee energy security in defence of Spain's strategic interests," Energy Minister Teresa Ribera said when asked about

the potential deal at a press conference. "This does not mean vetoing any company or investor."

Spain has already shown it has the mechanisms at hand to protect its interests when it approved Australian fund IFM's partial takeover bid for Naturgy in 2021, Ribera said. The government imposed conditions to protect jobs, investment and the supply of gas and electricity.

"The control mechanisms or vigilant mechanisms for investments from third countries were activated and some conditions were introduced, and I believe that it has worked correctly," she said.

Last year, Spain faced a similar decision after Saudi Arabia's STC bought a 9.9% stake in telecoms operator Telefonica. In December the government said it would buy a stake of up to 10% in Telefonica as a counterbalance.

Ribera said that the government "will be keeping a close eye on how these talks (over Naturgy) develop and, where appropriate, on the characteristics of the conditions under which a non-EU investor can become part of the company's assets." Naturgy has a stake in a key gas pipeline between Spain and Algeria. It also has a long-term contract to import some 3 billion cubic metres (bcm) of Russian liquefied natural gas each year.

First tanker in 11 days arrives at troubled Freeport LNG export plant

The first liquefied natural gas tanker to dock at Freeport LNG's gas liquefaction plant in 11 days arrived on Saturday, vessel tracking data from financial firm LSEG showed.

turday's arrival of tanker BW Pavilion Leeara signaled a potential restart in coming days of one of the facility three gas-processing trains.

Freeport LNG has suffered a series of outages and all units recently were out of service for maintenance, reducing U.S. LNG exports this year.

Pipeline gas flows to the Quintana, Texas, export plant inched up on Thursday to .3 billion cubic feet after running at near-zero for more than a week. Normal flow is about 2.2 billion to 2.4 billion cubic feet per day.

A Freeport LNG spokesperson declined to comment.

The last LNG tanker to dock at the plant was LNG Schneeweisschen on April 9, shortly before a unit tripped offline on April 9, according to an emissions report the company filed with Texas environmental regulators.

Top News - Dry Freight

Russia introduces extra grain exports quota of 5 mln T until June 30

Russia's government said on Saturday it has introduced an additional quota of 5 million tonnes for exports of wheat, meslin, rye, barley and corn outside the Moscow-led Eurasian Economic Union until June 30 to support local producers. The main export quota of 24 million tonnes had been set for Feb. 15 until June 30.

Egypt's GASC buys 250,000 MT of raw sugar in tender

Egypt's state grains buyer, the General Authority for Supply Commodities (GASC), bought 250,000 metric tons of raw sugar in a tender, the supply ministry said on Sunday, revising an earlier figure of 200,000 metric tons. The ministry said the shipments would arrive from May to July.

MARKET MONITOR as of 06:45 GMT

Contract	Last	Change	YTD
NYMEX Light Crude	\$82.35 / bbl	-0.46%	14.93%
NYMEX RBOB Gasoline	\$2.66 / gallon	-0.94%	26.26%
ICE Gas Oil	\$770.25 / tonne	-1.03%	2.60%
NYMEX Natural Gas	\$1.73 / mmBtu	-1.31%	-31.03%
Spot Gold	\$2,353.85 / ounce	-1.03%	14.12%
TRPC coal API 2 / Dec, 24	\$120.75 / tonne	-0.41%	24.48%
Carbon ECX EUA	€68.81 / tonne	-3.80%	-14.38%
Dutch gas day-ahead (Pre. close)	€31.05 / Mwh	-4.84%	-2.51%
CBOT Corn	\$4.40 / bushel	0.86%	-9.09%
CBOT Wheat	\$5.68 / bushel	2.62%	-11.26%
Malaysia Palm Oil (3M)	RM3,888 / tonne	-2.41%	4.49%
Index	Close 19 Apr	Change	YTD
Thomson Reuters/Jefferies CRB	346.24	0.88%	14.88%
Rogers International	29.16	0.29%	10.75%
U.S. Stocks - Dow	37,986.40	0.56%	0.79%
U.S. Dollar Index	106.06	-0.09%	4.66%
U.S. Bond Index (DJ)	414.91	0.13%	-3.67%

Picture of the Day

Mount Ruang volcano spews volcanic ash as seen from Tagulandang in Sitaro Islands Regency, North Sulawesi province, Indonesia, April 19, 2024. REUTERS/Chermanto Tjaombah

(Inside Commodities is compiled by Dhanya Hegade in Bengaluru)

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LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

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